

Meltzer Mason Heath

Chartered Accountants practising as insolvency specialists

Refer to: Mike Lamacraft

No. of Company: 1195390

Liquidators' Further Report

Westside (2009) Limited (In Liquidation)

For the period 24 November 2009 to 23 May 2010

Introduction

Westside (2009) Limited was placed into voluntary liquidation in Auckland on 24 November 2009 and Arron Leslie Heath and Michael Lamacraft were appointed joint and several Liquidators.

In accordance with section 255 of the Companies Act 1993 the Liquidators are obliged to report to all creditors and shareholders on the conduct of the liquidation during the preceding six months. This report covers the period 24 November 2009 to 23 May 2010.

Schedule of Receipts and Payments

We attach a schedule recording all transactions for the period in question.

Asset Realisations

Stock was sold by private treaty based on an independent assessment.

With the assistance of the directors, debtors have realised \$596,846 to date.

Distributions

Employee preferential claims have been paid in full and \$375,000 has been paid to the IRD in reduction of its preferential claim of approximately \$490,000.

There will be no funds available to unsecured creditors.

Liquidators' Investigations

The Liquidators' review of the company's affairs and the conduct of the directors is ongoing. However at this stage no matters have been identified that would be economic to pursue.

Having regard to the age of the Crown debt our current view is that the company has been insolvent since the second half of 2008. However in mitigation the directors or interests associated with the directors did invest further sums and were trying to negotiate a repayment plan/restructuring program. Consequently as regards trade creditors 98% of sums owed were

Jeff Meltzer

Karen Mason

Arron Heath



incurred 4 months or less before liquidation. As a result of personal guarantees given to the bank the directors are having to sell their home to repay a shortfall to the bank of approximately \$250,000 from the company debt. In essence the directors/their interests will ultimately be the largest creditor of the company in liquidation. This is a matter the Court will take into consideration in the event that reckless trading was proven. The commercial reality is that the cost of pursuing such an action, assuming it was appropriate, would be very high and funding would have to be provided by unsecured creditors.

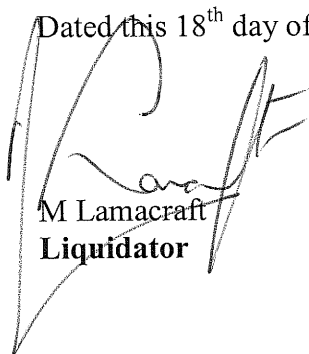
In the circumstances given the cost and litigation risk this is not a viable proposal.

Outstanding Matters

Further debtor collections of between \$50 - \$75,000 are under review as is the value of a small amount of work in progress taken over by TLP Limited.

Please contact Mike Lamacraft of this office should you require any further information.

Dated this 18th day of June 2010



M Lamacraft
Liquidator

Westside (2009) Limited (In Liquidation)

Receipts and Payments

For the period 24 November 2009 to 23 May 2010

	\$
Receipts	
Debtors	596,846.50
Stock Realisation	4,989.40
IBD Interest	798.72
GST Income	2,303.64
	<u>604,938.26</u>
Payments	
Liquidators' Remuneration	18,794.50
Liquidators' Disbursements	758.87
Bank Fees	30.25
Mailout Services	728.10
Employee Preferential Claims	119,967.95
PAYE	36,711.39
IRD Preferential Claim	375,000.00
GST Expense	2,535.18
	<u>554,526.24</u>
Funds on Hand	<u><u>50,412.02</u></u>

Notes: The funds held are subject to further costs of winding up.